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UNCLAS SECTION 01 OF 10 TOKYO 000737

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/02/09

# Index:

- 1) Top headlines
- 2) Editorials3) Prime Minister's daily schedule (Nikkei)

# Aso diplomacy:

- 4) Prime Minister Aso, ROK President Lee agree to let UNSC handle the North Korea missile-launch issue (Tokyo Shimbun)
- 5) Text of Aso-Lee meeting at the margins of the G-20
- 6) Meeting between Aso, Russian President Medvedev cancelled (Tokyo Shimbun)
- 7) Aso meeting with various heads at the G-20 in order to build encirclement net around North Korea (Tokyo Shimbun)
- 8) Most of the G-20, like China and Russia, cautious about dealing harshly with North Korea over the missile-launch issue (Nikkei)

# North Korea problem:

- 9) Is the North really sending a satellite into orbit as it launches its projectile? (Yomiuri)
- 10) MSDF to send high speed ships after the North Korean launch,
- concerned about DPRK activity on the high seas (Sankei)
  11) Japan planning a one-year time limit on its additional sanctions toward North Korea should there be a missile launch (Tokyo Shimbun)
- 12) Futenma relocation site assessment report accepted with possibility of slight modifications (Asahi)
- 13) Afghan pledging conference in the Netherlands: Japan makes cooperation with the U.S its highest priority (Asahi)

14) Considerable amount of pork-barrel spending will be found in the new economic-stimulus package (Asahi)

### Articles:

## 1) TOP HEADLINES

Asahi: Yomiuri:

Obama, Medvedev issue statements on nuclear disarmament: New nuclear disarmament pact to be signed before year's end

## Mainichi:

Chinese government institute sees pesticide injected from outside box of dumplings over food poisoning in Japan

### Nikkei:

Development Bank of Japan to boost credit ceiling to 10 trillion yen for loans to companies hit by credit crunch

Bank of Japan Tankan survey sentiment dives to minus 58

# Tokyo Shimbun:

North Korean missile: Japan, South Korea agree to take issue to UN Security Council: Seoul accept missile interception plan

### Akahata:

20 years since adoption of sales tax: Opposition to hike as it aggravate poverty, preferentially treats large companies and destroy economy

TOKYO 00000737 002 OF 010

# 2) EDITORIALS

## Asahi:

(1) G-20: Make a united effort to stand up against the storm

# Mainichi:

- (1) Bank of Japan March Tankan survey: It's always darkest before the dawn
- (2) Israel: Coexistence of Israel and Palestine Authority needed

- (1) Bank of Japan Tankan survey: How can Japan survive the worst economic situation in the post-war period?
- (2) North Korean missile: Issue should be taken to UNSC immediately, if North Korea launches missile

## Nikkei:

- (1) Cooling business sentiment: Prop up companies with thoroughgoing measures
- (2) U.S. comprehensive strategy to stabilize Afghanistan: Can it serve as turning point in stabilizing the nation?

- (1) Assistance to Afghanistan: Self-Defense Force personnel dispatched that nation should protect civilians
- (2) Rakuten pulls out: TBS should not neglect self-reform effort

# Tokyo Shimbun:

- (1) Worst business sentiment: Worsening crisis(2) Israeli administration should make efforts for coexistence with Palestine Authority

## Akahata:

- (1) Diet responsible for finding truth about political funds donations made by Nishimatsu Construction Co.
- 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 31 & April 1 (local time)

NIKKEI (Page 2) (Full) April 2, 2009

March 31

Night

Arrived at London Gatwick Airport by government plane. Stayed at the Intercontinental London Park Lane in London.

April 1 Morning

Met South Korean President Lee Myung-bak at the Landmark Hotel London.

Afternoon

Met with Indonesian President Yudhoyono at the hotel where he was staying. Later, met with Italian Prime Minister Berlusconi at the Claridges Hotel. Held a meeting with British Prime Minister Brown at his official residence.

4) Aso, Lee agree on need for response by UNSC to North Korea's expected missile launch

TOKYO 00000737 003 OF 010

TOKYO SHIMBUN (Top Play) (Full) April 2, 2009

By Takaharu Watanabe in London

The financial summit of the Group of 20 (G-20) major industrialized and emerging economies will open in London in the evening of April 1, local time. In separate summit meetings between Japan and South Korea and between the U.S. and Russia held prior to the start of summit, the leaders discussed what response the international community should make if North Korea launches what it calls a satellite but what other counties suspect may be a long-range ballistic missile.

Prime Minister Taro Aso met with South Korean President Lee Myung-bak at a London hotel on the morning of April 1. They shared the view that a missile launch by North Korea would constitute a violation of a UN Security Council resolution that requires Pyongyang to halt its all missile-related activities, and they reaffirmed that the matter should be taken up by the UN Security Council. They also agreed that Japan, the U.S., and South Korea must respond to any missile launch by the North in a coordinated manner.

Lee supported Japan's readiness to intercept the missile or its debris with its missile defense (MD) system in the event that the launch fails and related objects fall on Japanese territory. He said: "If North Korea launches a projectile, it will fly over Japan. Given this, the Japanese government should be allowed to take every possible step to protect its people. South Korea approves."

Aso expressed his gratitude for the South Korean government's arrangement for the meeting to be held between family members of Yaeko Taguchi, who was abducted by North Korean agents, and Kim Hyon Hui, a former North Korean agent. Lee replied: "The two countries naturally should share the pain, and we are willing to render cooperation also in the future."

The Japanese and South Korean leaders further agreed on the need for the two countries to look into joint cooperation in assisting Pakistan, which neighbors Afghanistan.

Meanwhile, President Barack Obama and Russian President Dmitry Medvedev issued a joint statement following their meeting. Expressing concern that North Korea's expected launch of a missile will impair the peace and stability of the region, the statement urged the North to refrain from carrying out the plan and abide by UNSC resolutions.

5) Gist of Japan-South Korea summit meeting

SANKEI (Page 5) (Full) April 2, 2009

(Moriyuki Imahori, London)

(Economic issue)

Prime Minister Taro Aso: To deal successfully with the economic crisis, increasing government spending is necessary. Japan is considering the possibility of coming up with additional economic measures.

TOKYO 00000737 004 OF 010

President Lee Myung-bak: South Korea supports Japan's approach.

(Bilateral relations)

Aso: I hope Japan and South Korea will cooperate in assisting Pakistan.

Lee: That is a good idea.

(North Korean missile issue)

Aso: It is necessary for Japan, the U.S., and South Korea to collaborate (in addressing a missile launch by the North). A launch by North Korea would be a clear violation of UN Security Council resolutions. The issue should be taken up in the UNSC.

Lee: I totally agree with you. If North Korea carries out its planned missile launch, Japan, the U.S., and South Korea need to respond to it in a coordinated fashion at the UN and on other occasions. Japan naturally should be allowed to take any possible measure to protect its people, and South Korea approves of the need.

Two leaders reaffirmed that Japan, the U.S., and South Korea will also take joint steps at the six-party talks.

(Abduction issue)

Aso: I am grateful to your consideration (for the meeting between Kim Hyon Hui, a former North Korean agent, and family members of a Japanese abduction victim). Mr. Iizuka (Shigeo and Koichiro) were delighted at the meeting.

Lee: (Both countries) naturally should share the pain and cooperate with each other in addressing the issue. We would like to continue offering cooperation in a positive manner. I hope that cooperation between Japan and South Korea over the abduction issue will continue into the future.

6) Japan-Russia summit is off

TOKYO SHIMBUN (Page 2) (Full) April 2, 2009

Chief Cabinet Secretary Takeo Kawamura revealed in a press conference yesterday that the Japanese and Russian governments had given up the planned summit of Prime Minister Taro Aso and President Dmitry Medvedev on the sidelines of the second round of the international financial summit, citing that holding the summit is difficult due to the schedules of the two leaders.

In their summit in February in Sakhalin, Aso and Medvedev agreed to accelerate bilateral negotiations on the territorial row and they also confirmed that they would arrange another summit on the sidelines of the financial summit.

Aso unveiled in a reply at the Diet that during the meeting in Sakhalin he asked Medvedev to show Moscow's view on the issue of ownership (of the four islands off Hokkaido) until they meet next time.

However, the Russian side appears to maintain its previous position

TOKYO 00000737 005 OF 010

of aiming at resolving the territorial dispute with the return of the only two islands: the Shikotan and Habomai islets. Some in the government assume that Medvedev might have avoided his meeting with Aso, who has called for concrete progress on the Northern Territories issue.

Although the Japanese government has hopes for a visit to Japan by Prime Minister Vladimir Putin in May, it is likely difficult to fill the gap between Tokyo and Moscow, which places priority on bilateral economic cooperation.

7) Prime Minister Aso desperately attempting to build international net encircling North Korea

TOKYO SHIMBUN (Page 2) (Full) April 2, 2009

Prime Minister Taro Aso, now in London to attend an international financial summit, is desperately trying to build an international net encircling North Korea through summit meetings he is holding with the leaders of G-20 countries. Since there are gaps in positions of countries concerned, whether Aso's effort will bear fruit is uncertain.

Aso met on April 1 with met South Korean President Lee Myung Bak, Indonesian President Yudhoyono, Italian Prime Minister Silvio Berlusconi, and British Prime Minister Gordon Brown in succession.

The aim of Aso's successive summit meetings is to again international support for the Japanese government position that if North Korea launches a missile, the United Nations Security Council should adopt a resolution calling for sanctions against the North, as well as to urge Pyongyang to refrain from launching a missile.

Aso is also motivated by a desire that discussion on the issue at the UNSC would smoothly be carried out discussion on the issue with the aim in mind of adopting a sanction resolution if there is international support for Japan's position. The summit of the leaders of 20 countries and regions is the best opportunity for Aso to do the spadework.

Aso told Lee: "We should take up the issue at the UNSC and deal squarely with it." Lee responded to Aso's proposal, saying: "I completely agree with you." Yudhoyono also accepted Aso's request of his support for Japan's position, saying: "If a launch is carried out, the issue should be discussed at the UNSC."

Many Japanese government officials have viewed that this time around it would be more difficult to obtain approval from China and Russia than the previous time, since Pyongyang has insisted that it will launch a communications satellite. The joint statement by the U.S. and Russian leaders just called for the North's restraint.

The planned Japan-Russia summit was cancelled. Aso will meet today with Chinese President Hu Jintao. Aso intends to draw out a positive commitment for Japan's position from Hu.

8) Japan, South Korea agree to bring matter to UN Security Council if North fires missile; China, Russia remain cautious; Consensus yet to be reached among concerned countries

NIKKEI (Page 2) (Abridged slightly)

TOKYO 00000737 006 OF 010

April 2, 2009

Makoto Nakayama, London

Prime Minister Taro Aso, who is visiting Britain for the G-20 financial summit, held talks with South Korean President Lee Myung Bak in London on the morning of April 1, evening of April 1, Japan time. In the meeting, the two leaders agreed that if North Korea goes ahead with the missile launch, the UN Security Council would take it up. As seen in separate talks with the United States and China, summit diplomacy is now in full swing ahead of the planned missile launch. Gut given subtle gaps in views among countries concerned, whether they can act in concert remains unclear.

In his meeting with President Lee, Prime Minister Aso said: "Japan, South Korea and the United States must deal with (the missile issue) in close cooperation. A launch by North Korea would be a clear violation of a UN Security Council resolution. We will take up the issue at the UN Security Council and deal with it squarely." President Lee replied: "I completely agree with you. I would like to see Japan, South Korea and the United States collaborate in addressing the matter, including the option of taking it to the Security Council."

Japan plans to intercept an incoming missile if it falls on Japan's soil or waters. President Lee showed his understanding of this policy course, saying: "Japan is allowed to take every possible means to protect and defend its people, and our country recognizes that." But stopping short of referring to Japan's aim of adopting a UN Security Council resolution, there was no intensive dialogue.

The government has defined the financial summit on April 2 -- days before North Korea is to launch a "satellite" between April 4 and 8 -- as an important diplomatic venue with an eye on possible steps after the launch. In a press conference before his departure for London, Prime Minister Aso played his determination to confirm close cooperation with other leaders.

But Aso's talks with the U.S. and Russian presidents have been shelved. Of the permanent members of the UN Security Council, Aso would be able to hold talks only with the British prime minister, the host of the summit, and the Chinese leader. There are voices pointing out limits to Japan's strategy.

U.S. President Barack Obama met with his Russian counterpart Dmitry Medvedev on April 1. The meeting was followed by a joint statement that said: "We also expressed concern that a North Korean ballistic missile launch would be damaging to peace and stability in the region and agreed to urge the DPRK to exercise restraint and observe relevant UN Security Council resolutions."

President Obama also met with Chinese President Hu Jintao. Touching on nuclear development by North Korea and other countries, the U.S. side's statement on the talks said: "The two leaders agreed to work for the settlement of disputes that could result in regional instability and easing of tensions, as well as to maintain close cooperation." But there was no clear message on the Security Council's steps after the launch.

While Japan envisages the adoption of a UN sanctions resolution against the North, China and Russia, which have veto power, remain cautious about such a step. Prime Minister Aso, who played a central

TOKYO 00000737 007 OF 010

role as Japan's foreign minister in having the UNSC adopt a resolution against the North in 2006, seems eager for another UN resolution. But some in the government think the barrier is high this time around. In the limited time frame, the extent to which the foreign leaders can align with each other is uncertain.

9) N. Korean missile payload possibly simple satellite

YOMIURI (Page 2) (Full) April 2, 2009

North Korea is now preparing to launch a ballistic missile that Pyongyang claims to be a "satellite." In this regard, some government officials presume that the missile is possibly loaded with a simple satellite as its payload.

"Iran might have provided North Korea with technical know-how for launching satellites," a government official said yesterday. Another government official said, "Even North Korea can make a satellite that has simple communication functions and go around the earth just several times." There is also an official surmising that North Korea may load the missile with a simple satellite as a cover for a missile test.

The government takes the position that even if North Korea launches a satellite, that action, regardless of what type of projectile

North Korea may launch, is a violation of United Nations Security Council resolutions that call on that country to abandon its ballistic-missile program, . "Whether it is a satellite or a missile, there is basically no change in the government's standpoint to regard it as violating the U.N. Security Council resolutions," Chief Cabinet Secretary Kawamura told a news conference yesterday.

10) MSDF may dispatch speedsters to watch out for N. Korean activities at sea  $\,$ 

SANKEI (Page 3) (Full) April 2, 2009

The Maritime Self-Defense Force is considering the dispatch of two state-of-the-art high-speed missile-equipped patrol gunboats to the Sea of Japan, with one of them to patrol waters off Niigata, government officials revealed yesterday. The officials explained that North Korea might start operations at sea after launching a long-range ballistic missile that it calls a "satellite."

One of the two crafts the MSDF is now thinking of sending out is the Hayabusa, a guided missile patrol boat assigned to the MSDF's Maizuru base. The other is a similar-type one. The two gunboats are both 200-ton vessels.

In March 1999, a suspicious boat was spotted off the Noto peninsula. At the time, the MSDF and the Japan Coast Guard chased the boat but failed to catch it. With this as a lesson, the MSDF developed the Hayabusa and other high-speed missile hydrofoil boats. The MSDF currently has a total of six high-speed gunboats.

The two MSDF speedsters, including the Hayabusa, are both equipped with antiship guided missiles. In addition, these high-speed gunboats are also equipped with 76-mm guns and machineguns. They can run at over 80 km/h, and they can also watch out at sea with extremely high mobility while maintaining satellite-aided data

TOKYO 00000737 008 OF 010

communications directly with MSDF bases and U.S. forces, according to the officials.

The missile system mounted on the two MSDF gunboats are for antiship attacks, and this missile system has no functions to shoot down falling objects or missile warheads. However, the Defense Ministry will step up warning activities, presuming that North Korea, after launching a ballistic missile, could conduct activities in the Sea of Japan while violating Japan's territorial waters for such purposes as monitoring the missile, recovering fallen objects, and gathering data about Japanese, U.S., and South Korean naval ships.

11) Government to extend by one year sanctions if North Korea launches a missile

TOKYO SHIMBUN (Page 2) (Full) April 2, 2009

The government decided yesterday that if the North launches a long-rang ballistic missile under the guise of launching a satellite into orbit, it will extend the term of its own economic sanctions on the North to one year from the present six months after the ongoing sanctions expire on April 13.

The feature of the present sanctions is the ban on port calls by North Korean ships, including the freighter Man Gyong Bong, as well as on products imports. Japan's independent economic sanctions against North Korea have been extended four times every six months since they were adopted in a cabinet meeting after the North carried out a nuclear test in October 2006.

In reference to a set of additional sanction measures, including a complete ban on exports, compiled by the special task force on the abduction issue of the ruling Liberal Democratic Party (LDP), the government also plans to look into the possibility of imposing other sanction measures on the North.

12) Prep report leaves room for revisions to Futenma relocation

ASAHI (Page 1) (Abridged) April 2, 2009

On the issue of relocating the U.S. Marine Corps' Futenma Air Station in the Okinawa prefectural city of Ginowan, the Defense Ministry yesterday sent in a preliminary report to Okinawa Prefecture and also to Nago City and other municipalities on the results of an environmental impact assessment conducted in Nago City's Henoko area, where the airfield's heliport functions will be relocated. The preliminary report says the current Futenma relocation plan, on which the Japanese and U.S. governments have agreed, is "appropriate." At the same time, the report additionally looks into six cases for moving the newly planned airfield's runways to areas about 50 to 350 meters from the currently planned construction site at the request of Okinawa Prefecture and its municipalities. The report does not totally rule out three of the six cases, leaving room for revisions to the plan.

Okinawa Prefecture and its base-hosting localities have asked that the Futenma relocation site be moved to an offshore area for noise reduction and other reasons. The government, in its study of the Futenma replacement facility's potential impact on its environs,

TOKYO 00000737 009 OF 010

looked also into the possibility of making revisions to the Futenma relocation plan for offshore construction. "We can now communicate with the government, so it's good," Okinawa Gov. Hirokazu Nakaima told reporters yesterday.

The government, having wrapped up its field survey of the construction site and its environs, will resume a consultative meeting with Okinawa's prefectural and municipal governments after an interval of nine months to discuss the Futenma relocation and will ask for cooperation on the intergovernmental agreement between Japan and the United States to complete the alternative base in 12014. The government is still taking the position that it cannot revise the Futenma relocation plan without rational reasons. It does not seem easy to concur on offshore revisions.

13) Support confirmed at international conference; Close cooperation with  $U.S.\ a$  priority

ASAHI (Page 8) (Abridged slightly) April 2, 2009

Atsuko Niuchi, The Hague

In the donor conference on Afghanistan, Foreign Minister Hirofumi Nakasone played up the importance of countries surrounding Afghanistan, such as Pakistan, Central Asia, and Iran. He also called for "generous support" for an international donor conference on Pakistan to be held in Tokyo in April. Making the conference a success in collaboration with the U.S. Obama administration, which has shifted an emphasis to Pakistan, is Tokyo's priority.

In the closing days of the Bush administration, the government had a difficult time over how to respond to Washington's call for further contributions to Afghanistan. The trend has drastically shifted with the advent of President Barack Obama, who thinks the Afghan issue cannot be resolved by military means alone, as well as by the ongoing financial crisis. One Japanese policy maker now feels that Japan's past contributions worth 1.78 billion dollars in nonmilitary fields, such as in agriculture and infrastructure, have now been positive reevaluated.

President Obama has unveiled a plan to provide 1.5 billion dollars in aid to Pakistan annually. A source connected to Japan-U.S. relations said: "There are more similarities than expected between Japan's Afghan policy and the U.S.' Afghan policy." Nevertheless, aid required for the stability of Pakistan is expected to swell higher than projected. Given Japan's declining official development assistance (ODA) budget, the extent to which Tokyo can meet demands remains unclear.

With NATO balking at a U.S. request for additional troops, there is a possibility that Washington might even ask Tokyo to send the Self-Defense Forces. A senior Foreign Ministry official thinks such is a real possibility.

14) Extra budget to be over 10 trillion yen: Signs of pork-barrel spending visible

ASAHI (Page 7) (Excerpts) April 2, 2009

The work to compile a new economic stimulus package and a fiscal

TOKYO 00000737 010 OF 010

2009 supplemental budget has moved into full swing at the order of Prime Minister Aso. In response to mounting pressure for increased public spending from the ruling parties, coordination will focus on putting together the largest-ever such budget of over 10 trillion yen. Given the measures already being proposed, there are clear signs that the envisaged budget will be filled with pork-barrel spending, as can be seen in plans for large-scale public works. Such proposals undoubtedly are linked to the general election that is expected to occur anytime soon, with the foregone conclusion being that the budget must be large.

The new economic stimulus package would be implemented over the next three years. Measures to be incorporated in the fiscal 2009 extra budget would be chosen from the package. The government and the ruling parties will press ahead with those works concurrently and finalize them in the middle of this month.

The basis for the work is a set of measures drafted on March 30 by the Liberal Democratic Party's (LDP) Strategic Council for Revitalization of the Japanese Economy. The prevailing view is that the size of the planned extra budget should be largest-ever. The size will likely way exceed the 7.6 trillion yen stimulus package that the Obuchi cabinet included in the fiscal 1998 budget.

The extra budget is aimed at strengthening economic growth potential over the mid-term as well as to boost employment measures and move up the timetable for the implementation of planned projects. However, many ideas invited from the subcommittee of the LDP Policy Research Council and various government agencies are indistinguishable from conventional projects. Their effects are also unclear.

Proposals for public projects are a symbolic of that problem. Public works have been avoided for the past several years, as their economic effects do not last long and tend to waste the taxpayers' money. However, the LDP's plan includes the construction of highways, large-scale ports and harbors, as well as new Shinkansen bullet-train projects.

Public works proposed under the slogan of connecting the missing links of the national land have been in fact low-priority projects. Some officials in the Ministry of Land, Infrastructure, Transport and Tourism reportedly see the stimulus package as a golden opportunity.

It is easier to win the support of the public for projects in the environmental area. Unprecedentedly bold proposals have been made for this area, including increasing the number of public facilities and schools equipped with a solar energy generation system ten times over three years, and providing subsidies worth several hundred thousand yen to individuals. Financial assistance for replacing one's auto with an eco-friendly vehicle, such as hybrid cars, has also been included.

ZUMWALT